



## City of Biggs

### **Agenda Item Staff Report for the Regular City Council Meeting: April 18, 2011 6:00PM**

DATE: April 11, 2011  
TO: Honorable Mayor and Members of the City Council  
FROM: Pete Carr, City Administrator/Finance  
SUBJECT: Financial Auditor RFP (Discussion/Action)

Council will consider a draft Request for Proposals (RFP) for auditor services, and a draft list of CPA firms to solicit.

#### **Background**

The city's three-year contract with Smith & Newell CPA's is complete. Cost of the audit services has recently been approximately \$18,000 per year. The best time of year to issue CPA RFP's is May-June.

Our internal financial consultant, Roy Seiler, prepared the attached draft RFP and list of potential auditors. Roy is a municipal auditor but is not eligible to bid as an independent outside auditor for Biggs.

Attachments: (2)  
Draft RFP  
Draft list of Auditors

#### **Recommendation:**

Approve RFP as presented or as amended, direct staff to issue RFP and bring proposal responses to council for consideration.

#### **Fiscal Impact of Recommendation:**

No direct costs; indirect staff labor costs for admin effort to prepare, issue and administer responses. More potential for cost savings than for increased costs by soliciting competitive bids for auditors.



# CITY OF BIGGS

465 C STREET  
P.O. Box 307  
BIGGS, CALIFORNIA 95917  
TELEPHONE (530) 868-5493  
[www.biggs-ca.gov](http://www.biggs-ca.gov)

## REQUEST FOR PROPOSALS FOR AUDIT SERVICES

The City of Biggs is soliciting proposals from qualified certified public accounting firms to conduct the annual independent audit of the City's financial transactions and to express an opinion on the fairness of the presentation of the City's financial statements, supplemental schedules, and the schedule of Federal Financial Awards. The contract period will be for up to three (3) years (**fiscal years 2010/11, 2011/12 and 2012/13**). The audit fee should be stated separately for each year, and the fee should be individually stated as to the following components:

Audit of General-Purpose Financial Statements

Preparation of All Applicable Financial Statements and Related Disclosures,  
Including Adherence to all applicable professional standards

Single Audit Procedures under Office of Management and Budget  
Circular A-133, if required

Component Unit Audit Procedures pertaining to expenditures of  
Funds under the State Transportation Improvement Program, if required

To be considered, one copy of a sealed proposal must be received by 5:00 p.m. on June 1, 2011. On the outer envelope in which the proposals are submitted should be marked, "Proposal for Audit for the City of Biggs." The City reserves the right to reject any or all proposals submitted and to request additional information if required.

Information necessary to submit a responsive proposal is contained in this document. Copies of prior years' audit reports are available at the City offices and on the City website. For additional information, contact the City Clerk at (530) 868-0102 or our contract accountant, Roy R. Seiler, CPA.

## **I. GENERAL INFORMATION**

### **A. City Address and Submittal Information**

City of Biggs  
C/O City Clerk  
465 C Street, PO Box 307  
Biggs, CA 95917

Any questions concerning this Request for Proposals should be directed to:

Roy R. Seiler, CPA  
Contract Accountant  
201 C. North Tehama  
Willows, CA 95988  
(530) 934-8841  
[Roy.Seiler@yahoo.com](mailto:Roy.Seiler@yahoo.com)

To be considered, proposals must be received by 5:00 p.m. on June 1, 2011.  
Postmarks are not acceptable.

### **B. Evaluation and Notification of Selected Audit Firm**

Proposals will be evaluated on the basis of:

1. Responsiveness to the Request for Proposal and understanding of the scope of work.
2. Qualifications and experience of the firm and individual staff members who will be assigned to perform this audit.
3. References.
4. Costs.

It is anticipated that the selection of a firm will be completed and approved by the City Council in July 2011.

### **C. Contract Period and Terms**

A three (3) year contract is contemplated (**fiscal years 2010/11, 2011/12 and 2012/13**), subject to satisfactory performance. The City reserves the right to award the contact for less than a three-year period.

### **D. Anticipated Proposal and Audit Engagement Schedule**

May 1, 2011                      Requests for Proposals mailed.

June 1, 2011	Deadline for proposals to City
July 18, 2011	Contract awarded by the City Council May be as early as June 20, 2011.

#### Anticipated Audit Schedule

August	Preliminary testing and review
September/October.	Commencement of field work
November	Completion of draft audit
November	Receipt of all required opinions and reports
December	Presentation of audit report to City Council

## **II. DESCRIPTION OF THE CITY AND RECORDS TO BE AUDITED**

### **A. General Description**

The City of Biggs is a General Law municipality with a population of approximately 1707. The City is governed by an elected five-member City Council. The City employs 8.5 full time employees and provides the following services: Police and Fire Protection by contract, Public Works, Electric, Water, Sewer, Waste Disposal (billing and collections), Parks and Recreation. Planning, engineering, legal and IT services are also by contract. Total expenditures for the fiscal year 2009/10 was \$4.8 million, General Fund \$619,000.

### **B. Description of Funds and Account Groups**

Governmental Funds  
    General Fund  
    Special Revenue Funds  
    Debt Service Fund  
    Capital Projects Funds  
Proprietary Funds  
    Enterprise Funds (Electric, Water, Sewer, Waste Disposal)

Fiduciary Funds  
    Trust and Agency Funds

Account Groups  
    General Long-Term Debt Account Group  
    General Fixed Assets

### **C. Description of Systems, Records and Procedures**

The City maintains its accounting records through an integrated software package developed by Corbin Willits Systems, Inc., known as the Multiple Operations Manager (MOM). The software is installed on a networked PC-based system.

### **III. NATURE OF SERVICES REQUIRED**

#### **A. General**

The City is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2011, 2012, and 2013. Firms must have prior small-city audit experience. These audits are to be performed in accordance with the provisions contained in this Request for Proposal.

#### **B. Scope of Work to be Performed**

The purpose of this audit is to express an opinion as to the fair presentation of the general purpose financial statements of the City in conformity with generally accepted accounting principles. In addition, the scope of the audit should encompass the requirements of the Single Audit Act and Office of Management and Budget Circular A-133 ( as required ). The audit may also include a component unit audit of expenditures under the State Transportation Improvement Program (as required).

#### **C. Auditing Standards to be Followed**

The examination will be performed in accordance with generally accepted principles and auditing standards, as set forth by the American Institute of Certified Public Accountants, and as described in the AICPA Industry Guide, Audits of State and Local Governmental Units, the standards for financial audits set forth in the Single Audit Provisions of OMB Circular A-133, as required, and the Government Auditing Standards issued by the Comptroller General.

#### **D. Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, as applicable:

1. Financial information
  - General Purpose Financial Statements (including Notes) and Schedules in a manner similar to prior periods.
  - Schedule of Federal Financial Assistance
  - Management Discussion and Analysis and other reports as required under GASB 34. To be prepared by City management.

2. Auditor's Reports:

- Independent auditor's report on the General Purpose Financial Statements.
- Independent auditor's report on the supplemental schedule of Federal Financial Assistance as required.
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- Independent auditor's reports in accordance with Circular A-133, as required.
- Report in accordance with Component Unit Audit Procedures pertaining to expenditures of funds under the State Transportation Improvement Program, if required

The audit firm will also be responsible for the data collection form and will ensure the proper distribution of the audit reports/Single audit reports to the appropriate agencies.

The audit firm will be expected to issue a management report advising the City of any material weakness in accounting controls, opportunities observed for economies in operations, improvements or identification of weaknesses in internal controls, recommendations for financial management improvements, or improvements in the effectiveness of the City's utilization of financial resources if any such findings are observed. A letter indicating no material weaknesses or areas for improvement would be required if no findings exist.

Auditors shall be required to make an immediate, written report of any fraud, irregularities and illegal acts or indications of illegal acts of which they become aware, to the City Administrator or to the City Attorney.

#### **IV. Proposal Requirements**

##### **A. General Requirements**

1. The purpose of this proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this Request for Proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should

also specify an audit approach that will meet the Request for Proposal requirements.

The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposing firm's capabilities to satisfy the requirements of the RFP. While additional information may be presented, the following subjects items 2 through 6, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the city.

3. License to Practice in California

A statement should be included indicating that the firm, and all assigned key professional staff, are properly licensed to practice in the State of California.

4. Firm Qualifications, Experience and Education

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full time basis and the number and nature of the staff to be so employed on a part time basis. Specific experience related to audits of small cities should be indicated. Experience with electric utilities and MOM software, if any, should be noted.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal and management staff, including engagement partners, manager, other supervisors, and specialists, who would be assigned to the engagement.

6. Peer Review Report

The firm should include its most recent Peer Review Report.

**B. Similar Engagement with Other Public Agencies**

For the firm's office that will be assigned responsibility for the audit,

list the most significant engagements performed in the last five years that are similar to the engagement described in this Request for Proposal.

Indicate the scope of work, date, engagement partners, and the name and telephone number of the principal client contact.

**C. Compensation**

Provide the firm's audit fee stated separately by fiscal year on a not-to-exceed basis. The form or manner in which the fee is to be proposed has been previously outlined in the Request for Proposal. It is further understood that if a certain portion of the audit and/or reporting services are not required for a given year, then the fee pertaining to that audit/reporting task becomes non-applicable. The audit firm will not be reimbursed for any travel, per diem, photocopying, telephone bills, or other related expenses unless incurred at the specific request of the City.

The audit fee structure should be broken down, by year, as follows:

	<u>For Year ended June 30:</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Audit of General Purpose Financial Statements, including applicable Yellow Book procedures and preparation of all required reports			
Preparation of all applicable financial statements and related disclosures			
Audit Procedures under Office of Management and Budget Circular A-133, <u>If Required</u>			
Component Unit Audit Procedures pertaining to expenditures of funds under the State Transportation Improvement Program, <u>If Required</u>			
Totals			



List of proposed CPA firms for City of Biggs Audit RFP

**Note that Roy Seiler is NOT expressing an opinion on the quality of any firm and can not, and does not, make any recommendations or other assurances.**

Smith and Newell,  
1425 Butte House Road  
Yuba City, CA

Steve Herr,  
Steve Norman  
Davis Hammon and Company  
2080 Myers  
Oroville, CA 95966

Dave Wallace  
Hathaway and Ksenzulak  
1681 E. Cypress  
Redding, CA 96002

Donald R. Reynolds, CPA  
1134 Pine St  
Redding, CA 96001

Matson and Isom Accountancy  
Corporation  
1360 E. Lassen  
POB 1638  
Chico, CA 95927

Nystrom and Company  
1726 Court  
Redding, CA 96001

Margaret R. Smith, CPA  
Jensen Smith  
661 Fifth Street, Ste 103  
PO 160  
Lincoln, CA 95648

Holly Pladson, CPA  
75 Declaration Dr, Ste 1  
Chico, CA 95973

Bob Johnson, Mary Cummins  
Robert W. Johnson,  
An Accountancy Corporation  
6234 Birdcage Street  
Citrus Heights, CA 95610-5949

Jon Warren, CPA  
Matthews, Hutton and Warren  
5973 Almond St  
Paradise, CA 95969

Robert Gustafson, CPA  
7076 A The Skyway  
Paradise, CA 95969

Scinto Granziano, LLP  
404 Sierra College Drive  
Grass Valley, CA 95945

Tittle and Company, LLP  
265 Airpark Blvd, Ste 100  
Chico, CA 95973

Ms. Michelle Nelson, CPA  
Scott-Baldwin, Certified Public  
Accountants  
7011 Sylvan, Ste A  
Citrus Heights, CA 95610

Ralph Marcello, CPA  
Nicholson and Olson, LLP  
729 Sunrise Ave, Ste 303  
Roseville, CA 95661  
(Does Orland's Audit, Daryl Brock is  
pleased with their work)

Boysol, Meyers and Pon  
POB 30  
Marysville, CA 95901